

21 JUL 1959

MEMORANDUM FOR THE RECORD

S, 2162

SUBJECT: House Post Office and Civil Service Committee Hearings on Proposed Health Insurance Legislation.

1. On this date I attended the hearings of the House Post Office and Civil Service Committee on pending bills providing for Government wide health insurance programs. I attended the hearings as an observer along with [redacted] of the Office of Personnel. Other observers known to me included Mr. Joseph Jones resident agent of Mutual of Omaha for Washington, D.C.; Mr. James Barrett, Legislative Liason for Mutual of Omaha; Spencer Platt, Bureau of the Budget; and David Lawton, Civil Service Commission. Committee members present were Mr. Murray, Chairman; Mr. Rees, Ranking Minority Member; Messrs. Morrison, Lesinski, Porter, Scott, Shipley, Foley, Alford, Harmon, Oliver, Corbett, Gross, Broyhill, Wallhauser, Johansen, and Congresswoman St. George.

2. Chairman Murray opened the hearings with a brief statement indicating that Government employee health insurance proposals had been before his Committee intermittently since 1954. He referred to the action of the Senate in the passage of S. 2162 which is pending before the House Committee along with the following House measures: Morrison, H.R. 208, H.R. 7712, and H.R. 8210 (a companion bill to S. 2162); Corbett, H.W. 7783; Lane, 8173; Dollinger, H.R. 2326; Kilday, 2549; Fulton, 6157. Chairman Murray made it very clear that he is quite concerned about the cost which would be involved in the passage of a health insurance bill. He referred to the Senate Committee's cost estimate of three hundred million dollars of which 145.3 million would be the Government share. He also referred to the fact that proponents of health insurance legislation have referred to the fact that enactment of this legislation would be comparable to granting a 10% pay increase to Government employees. In this connection he said he felt that the Government could not afford both an insurance program and a pay increase in this Congress. Therefore he desired a firm indication as to whether proponents of this legislation to press for a Government employee pay raise in the next session of this Congress. He repeated his concern over the increasing cost of fringe benefit programs and said he was inclined to wait awhile rather than to act

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hastily on this legislation.

3. Mr. Rees, in a very short statement, echoed Chairman Murray's views. He referred to the fact that he had introduced health insurance proposals in previous congresses, but emphasized that the cost involved in those programs would have been considerably less than estimated for current legislation. Other Committee members who spoke in favor of the legislation included Congressmen Morrison, Corbett, and Foley (who is to submit a written statement). Mr. Morrison said that while he had originally proposed a bill which would require the Government to contribute two thirds of the cost of the program and the employee one third of the program, he was prepared to accept a fifty-fifty compromise. He endorsed the views of Senator Johnston when he presented S. 2162 to the Senate. He added that he felt employees should be given a free choice of plans under these bills, but regrets that they do not provide coverage for retirees. He proposes to introduce a separate bill including retirees at a later date. Mr. Corbett did not make a formal statement, but said he thought this was an important fringe benefit. He had no particular preference for any bill or provision, but generally supports health-benefit legislation especially for catastrophic losses.

4. Congressmen Miller of California, Baldwin, and Cohelan also made statements in support of the pending legislation. In the course of the proceedings it became clear that Congressmen Porter, Broyhill, and Alford also favored these bills. Following these Congressional witnesses, representatives of the Hospitalization Committee of the Government Employees Counsel, AFL - CIO read a prepared statement. (copy attached.) At this juncture Chairman Murray recessed the hearings until Thursday 23 July at 10:00 A.M. at which time he recall the union witnesses for questions from the Committee. He has scheduled appearances by other Government agencies including the Civil Service Commission and the Bureau of the Budget. He emphasized his interest in knowing what the administration's position would be on this measure. Referring to the possibility of a Presidential veto, it was his opinion that a veto would not be overridden. Following the hearings, I talked at some length with Mr. [redacted] who hoped to arrange a meeting with David Lawton of the Civil Service Commission on Wednesday morning. The purpose of this meeting will be to determine the degree of cooperation we can expect and rely upon from the Commission if the proposal (S. 2162)

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now under consideration is enacted. Following that meeting we expect to schedule a meeting of interested Agency officials.



Assistant to the Legislative Counsel

Orig. S. 2162 file

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